

**THE UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

In Re: RFC and ResCap Liquidating Trust
Litigation

Court File No. 13-cv-3451 (SRN/HB)

This document relates to:

ResCap Liquidating Trust v. Home Loan
Center, Inc., No. 14-cv-1716 (SRN/HB)

JOINT PROPOSED INTRODUCTION TO THE CASE

The plaintiff in this case is the ResCap Liquidating Trust, which I'll refer to as the "Liquidating Trust" for short. The Defendant is Home Loan Center, Inc., which I'll refer to as "Home Loan Center." The Liquidating Trust is the successor to a company called Residential Funding Company or "RFC" for short, which is no longer in business.

RFC bought mortgage loans from mortgage lenders, including Defendant Home Loan Center. RFC then bundled loans together and sold those bundles to more than 1,000 different trusts, which are called residential mortgage-backed securities trusts, or "RMBS Trusts" for short. RFC also secured insurance for certain of the RMBS Trusts through agreements with entities called "Monoline Insurers."

RFC and its affiliates went into bankruptcy in 2012. In the bankruptcy, the RMBS Trusts and Monoline Insurers asserted claims against RFC. RFC settled those claims in the bankruptcy. RFC also reached an agreement with its creditors on a plan to distribute its remaining assets to them. Under this plan, RFC closed down and all of RFC's and its affiliates' assets were transferred to the Liquidating Trust. The Liquidating Trust stands

in the shoes of RFC for purposes of this case and was formed to, among other things, seek recovery of additional assets for its unitholders. The unitholders include former creditors of RFC and certain of its affiliates, and others to whom such creditors sold their units. RFC no longer exists and will not receive any money recovered by the Liquidating Trust.

The Defendant, Home Loan Center, was a lender that provided mortgage loans to borrowers across the United States. The Liquidating Trust claims that Home Loan Center sold RFC mortgage loans between 2002 and 2007 that breached Home Loan Center's contractual representations and warranties about the credit and investment quality of the loans, and that these breaches contributed to RFC's liabilities to the RMBS Trusts and Monoline Insurers that were settled in the bankruptcy. The Liquidating Trust seeks in this case the portion of the losses and liabilities that it contends RFC incurred in connection with its bankruptcy as a result of Home Loan Center's alleged breaches.

For its part, Home Loan Center contends that most of the loans RFC purchased were not sold subject to the representations and warranties that the Liquidating Trust says apply, and that even if they were, RFC acted in such a way that the Liquidating Trust is not allowed to enforce those representations and warranties. Home Loan Center also contends that the settlements for which Plaintiff seeks indemnification were not reasonable, and that Plaintiff has not established the portion of RFC's losses and liabilities if any, that may properly be allocated to Home Loan Center.

If you are selected to serve on the jury for this case, you will be asked to decide whether Defendant Home Loan Center is liable to Plaintiff Liquidating Trust and, if so, the amount of money it should pay, if any.

Dated: September 28, 2018

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